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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*



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March 29, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FISCAL YEAR 2010-11 BUDGET ADJUSTMENTS
(ALL DISTRICTS)
(4 VOTES)**

SUBJECT

Request approval of two Fiscal Year 2010-11 Budget Adjustments for the Department of Health Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the attached Department of Health Services (DHS) Fiscal Year (FY) 2010-11 Budget Adjustment (BA) (Attachment I) to reallocate and adjust appropriation and revenue within DHS.
2. Approve the second attached BA (Attachment II) to transfer \$5.8 million in unused funds resulting from the cancellation of prior year commitments from the LAC+USC Medical Center Replacement Accumulated Capital Outlay (LAC+USC MC ACO) Fund to the DHS Designation in order to facilitate the close-out of this fund in FY 2010-11.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Your Board's approval of these recommendations will assist DHS in having sufficient Services and Supplies (S&S) appropriation to meet its financial obligations as the Department approaches the fiscal year-end by: 1) reallocating and adjusting appropriation and revenue within DHS based on the Department's FY 2010-11 current financial experience; and 2) authorizing the transfer of surplus funds from the LAC+USC MC ACO Fund of \$5.8 million to DHS Designation in preparation for the close-out of the LAC+USC MC ACO Fund.

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#17 MARCH 29, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

REALLOCATING AND ADJUSTING APPROPRIATION AND REVENUE

DHS' FY 2010-11 Final Budget included a deficit reduction placeholder of \$105.7 million in S&S appropriation that reduced the amount of S&S funding available for operations. In addition, difficulties in filling critical patient care positions have resulted in higher utilization of registries and physician specialties (both of which are budgeted in S&S) in order to cover critical service needs.

The reallocation of appropriation is primarily to transfer available Salaries and Employee Benefits, Other Charges, and Capitals Assets funding, due to lower than anticipated expenditures in these areas, to S&S. This BA also increases appropriation for intergovernmental transfers (IGTs) to the State of \$141.3 million, as required under the 1115 Waiver Delivery System Reform Incentive Pool (DSRIP), fully offset with additional DSRIP revenues. DHS previously notified your Board on March 10, 2011 of these required IGT payments.

This BA is only a reallocation and adjustment of DHS' current experience with appropriation and revenue, and does not solve the Department's projected current year deficit. DHS' Fiscal Outlook, as presented today on March 29, 2011, includes additional projected net revenue increase from the new 1115 Waiver and other potential solutions that the Department is actively engaging in to solve the Department's current year deficit that are not reflected in this BA. The Department will continue to report the status of these efforts and their impact on the current year deficit to your Board in the Department's Fiscal Outlook updates.

LAC+USC MC ACO FUND

On December 2, 2003, your Board approved Auditor-Controller recommended guidelines for monitoring the LAC+USC MC ACO Fund established in FY 1998-99 for the purpose of purchasing new equipment for the LAC+USC Medical Center Replacement Project. In accordance with those guidelines, we are reporting that \$5.8 million resides in the Provisional Financing Uses of the LAC+USC MC ACO fund as of March 29, 2011, and is available for transfer to the DHS Designation for future use.

The new LAC+USC Medical Center opened in November 2008 and in accordance with the LAC+USC MC ACO fund establishment and purpose, all the planned equipment for the new facility has been purchased or encumbered to date. The remaining \$5.8 million unused funds in the LAC+USC MC ACO Fund are requested to be transferred to the DHS Designation in order to close out the LAC+USC MC ACO Fund in FY 2010-11. The department may utilize the remaining unused LAC+USC MC ACO funds during FY 2010-11 closing towards LAC+USC Medical Center's uncompensated trauma and emergency care costs.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operational Effectiveness of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The recommendations approve the reallocation and adjustment of appropriation and revenue of \$238.5 million within DHS' budget units to reflect current financial experience for FY 2010-11 and the transfer of \$5.8 million unused funds from LAC+USC MC ACO Fund to DHS Designation. There is no increase in net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Not applicable.

CONTRACTING PROCESS


Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these actions allows DHS to continue its current operations.

Respectfully submitted,



 Mitchell H. Katz, M.D.
Director

MHK:wl

Enclosures (2)

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Auditor Controller

2011 MAR 13 PM 11:09

FILED

**DEPARTMENT OF HEALTH SERVICES
BUDGET ADJUSTMENT
FISCAL YEAR 2010-11**

Attachment I

4-VOTE

SOURCES:

USES:

Enterprise Fund

Enterprise Fund

LAC+USC Healthcare Network

LAC+USC Healthcare Network

MN4-HG-1000-60010
Salaries & Employee Benefits
Decrease Appropriation \$ 10,895,000

MN4-HG-2000-60010
Services & Supplies
Increase Appropriation \$ 20,384,000

MN4-HG-5500-60010
Other Charges
Decrease Appropriation 1,100,000

MN4-HG-96-9912-60010
Operating Subsidy - Gen Fd
Increase Revenue 8,389,000

MN4-HG-92-9416-60010
Safety Net Care Pool
Increase Revenue 3,227,000

MN4-HG-92-9432-60010
Medi-Cal SB 1255
Decrease Revenue 3,227,000

MN4-HG-90-9045-60010
Delivery System Reform Incentive Pool
Increase Revenue 72,674,000

MN4-HG-5500-60010
Other Charges
Increase Appropriation 72,674,000

Total LAC+USC Healthcare Network \$ 96,285,000

Total LAC+USC Healthcare Network \$ 96,285,000

Coastal

Coastal

MN1-HH-1000-60020
Salaries & Employee Benefits
Decrease Appropriation \$ 6,500,000

MN1-HH-2000-60020
Services & Supplies
Increase Appropriation \$ 10,228,000

MN1-HH-6030-60020
Capital Assets-Equipment
Decrease Appropriation 1,400,000

MN1-HH-5500-60020
Other Charges
Increase Appropriation 4,500,000

MN1-HH-96-9912-60020
Operating Subsidy - Gen Fd
Increase Revenue 6,828,000

MN1-HH-92-9416-60020
Safety Net Care Pool
Increase Revenue 598,000

MN1-HH-92-9432-60020
Medi-Cal SB 1255
Decrease Revenue 598,000

MN1-HH-92-R212-60020
Medi-Cal HMO
Increase Revenue 2,512,000

MN1-HH-92-9435-60020
Medicare
Decrease Revenue 2,512,000

MN1-HH-90-9045-60020
Delivery System Reform Incentive Pool
Increase Revenue 36,057,000

MN1-HH-5500-60020
Other Charges
Increase Appropriation 36,057,000

Total Coastal \$ 53,895,000

Total Coastal \$ 53,895,000

BA167 Connie Yee 03/16/11

**DEPARTMENT OF HEALTH SERVICES
BUDGET ADJUSTMENT
FISCAL YEAR 2010-11**

Attachment I

4-VOTE

SOURCES:

Southwest

MN5-HK-1000-60030	
Salaries & Employee Benefits	
Decrease Appropriation	\$ 7,000,000
 MN5-HK-2000-60030	
Services & Supplies	
Decrease Appropriation	4,600,000
 MN5-HK-5500-60030	
Other Charges	
Decrease Appropriation	2,291,000
 MN5-HK-6030-60030	
Capital Assets-Equipment	
Decrease Appropriation	1,100,000
 Total Southwest	<u>\$ 14,991,000</u>

USES:

Southwest

MN5-HK-96-9912-60030	
Operating Subsidy - Gen Fd	
Decrease Revenue	\$ 14,991,000
 Total Southwest	<u>\$ 14,991,000</u>

Rancho Los Amigos National Rehabilitation Center

MN7-HR-1000-60040	
Salaries & Employee Benefits	
Decrease Appropriation	\$ 6,614,000
 MN7-HR-92-9416-60040	
Safety Net Care Pool	
Increase Revenue	1,452,000
 MN7-HR-90-9045-60040	
Delivery System Reform Incentive Pool	
Increase Revenue	10,565,000
 Total Rancho Los Amigos NRC	<u>\$ 18,631,000</u>

Rancho Los Amigos National Rehabilitation Center

MN7-HR-2000-60040	
Services & Supplies	
Increase Appropriation	\$ 5,714,000
 MN7-HR-5500-60040	
Other Charges	
Increase Appropriation	900,000
 MN7-HR-92-9432-60040	
Medi-Cal SB 1255	
Decrease Revenue	1,452,000
 MN7-HR-5500-60040	
Other Charges	
Increase Appropriation	10,565,000
 Total Rancho Los Amigos NRC	<u>\$ 18,631,000</u>

ValleyCare Network

MN3-HO-1000-60050	
Salaries & Employee Benefits	
Decrease Appropriation	\$ 2,300,000
 MN3-HO-96-9912-60050	
Operating Subsidy - Gen Fd	
Increase Revenue	6,581,000
 MN3-HO-92-9416-60050	
Safety Net Care Pool	
Increase Revenue	1,104,000
 MN3-HO-90-9045-60050	
Delivery System Reform Incentive Pool	
Increase Revenue	21,999,000
 Total ValleyCare Network	<u>\$ 31,984,000</u>

ValleyCare Network

MN3-HO-2000-60050	
Services & Supplies	
Increase Appropriation	\$ 7,681,000
 MN3-HO-5500-60050	
Other Charges	
Increase Appropriation	1,200,000
 MN3-HO-92-9432-60050	
Medi-Cal SB 1255	
Decrease Revenue	1,104,000
 MN3-HO-5500-60050	
Other Charges	
Increase Appropriation	21,999,000
 Total ValleyCare Network	<u>\$ 31,984,000</u>

Total Enterprise Fund **\$ 215,786,000**

Total Enterprise Fund **\$ 215,786,000**

BA167 *Connie Yee* 03/16/11

**DEPARTMENT OF HEALTH SERVICES
BUDGET ADJUSTMENT
FISCAL YEAR 2010-11**

Attachment I

4-VOTE

SOURCES:

General Fund

Health Services Administration

A01-HS-1000-20000
Salaries & Employee Benefits
Decrease Appropriation \$ 5,700,000

A01-HS-6030-20000
Capital Assets-Equipment
Decrease Appropriation 1,100,000

Total Health Services Administration \$ 6,800,000

Juvenile Court Health Services

A01-HJ-1000-20600
Salaries & Employee Benefits
Decrease Appropriation \$ 900,000

Total Juvenile Court Health Services \$ 900,000

General Fund Subsidies

General Fund Subsidy - (Southwest Network)

A01-AC-6100-21200-21228
Other Financing Uses
Decrease Appropriation \$ 14,991,000

Total General Fund Subsidies \$ 14,991,000

Total General Fund \$ 22,691,000

Total Department \$ 238,477,000

USES:

General Fund

Health Services Administration

A01-HS-5500-20000
Other Charges
Increase Appropriation \$ 200,000

Total Health Services Administration \$ 200,000

Juvenile Court Health Services

A01-HJ-2000-20600
Services & Supplies
Increase Appropriation \$ 693,000

Total Juvenile Court Health Services \$ 693,000

General Fund Subsidies

General Fund Subsidy - (LAC+USC Healthcare Network)

A01-AC-6100-21200-21224
Other Financing Uses
Increase Appropriation \$ 8,389,000

General Fund Subsidy - (Coastal)

A01-AC-6100-21200-21226
Other Financing Uses
Increase Appropriation 6,828,000

General Fund Subsidy - (ValleyCare Network)

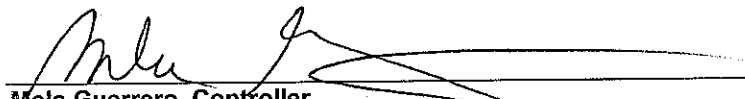
A01-AC-6100-21200-21232
Other Financing Uses
Increase Appropriation 6,581,000

Total General Fund Subsidies \$ 21,798,000

Total General Fund \$ 22,691,000

Total Department \$ 238,477,000

Noted & Approved:


Mela Guerrero, Controller
Department of Health Services

BA167 Connie Yee 03/16/11

DEPARTMENT OF HEALTH SERVICES

BUDGET ADJUSTMENT

FISCAL YEAR 2010-11

Attachment II

4-VOTE

SOURCES:LAC+USC Medical Center Replacement - ACO FundLAC+USC Medical Center Replacement - ACO Fund

J18-3017

Designation for Program Expansion

\$ 586,000

Decrease Designation

LAC+USC Medical Center Replacement - ACO Fund

J18-3301

Other Fund Balance Available

2,543,000

Decrease Other Fund Balance Available

LAC+USC Medical Center Replacement - ACO Fund

J18-3306

Approp for Contingencies-Cancel Comm/AP

2,719,000

Decrease Approp for Cont-Can Comm/AP

Total LAC+USC MC Replacement - ACO Fund

\$ 5,848,000USES:LAC+USC Medical Center Replacement - ACO FundLAC+USC Medical Center Replacement - ACO Fund-New Facility

J18-HS-6100-50101-50103

Other Financing Uses

\$ 5,848,000

Increase Appropriation

Total LAC+USC MC Replacement - ACO Fund \$ 5,848,000DHS Enterprise Fund

MN2-HS-96-9911-60070

Operating Transfers In

\$ 5,848,000

Increase Revenue

Total DHS Enterprise Fund

\$ 5,848,000DHS Enterprise Fund

MN2-3078

Designation for DHS

\$ 5,848,000

Increase Designation

Total DHS Enterprise Fund

\$ 5,848,000

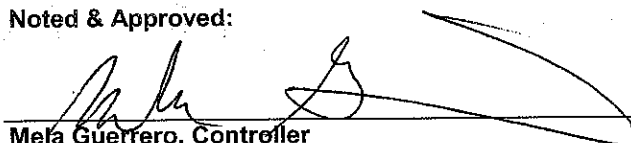
Total Department

\$ 11,696,000

Total Department

\$ 11,696,000

Noted & Approved:


 Mela Guerrero, Controller
 Department of Health Services

BA168 Connie Yee 03/16/11

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF Health Services

DEPT'S.
NO. 110

March 29, 2011

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2010-11

4 - VOTES

SOURCES

Please see Attachment I.

USES

Please see Attachment I.

SOURCES TOTAL: \$ 238,477,000

USES TOTAL: \$ 238,477,000

JUSTIFICATION

This budget adjustment is necessary to reallocate and adjust appropriation and revenue within Department of Health Services in accordance with the FY 2010-11 current experience.

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

Mike Aguilar
AUTHORIZED SIGNATURE [NAME]

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---☐ ACTION☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

Cosgro
March 16 20 11

B.A. NO. 167

☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

[Signature]
March 16, 20 11

SEND 6 COPIES TO THE AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S.
NO. 110

DEPARTMENT OF Health Services

March 29, 2011

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2010-11

4 - VOTES

SOURCES

Please see Attachment II.

USES

Please see Attachment II.

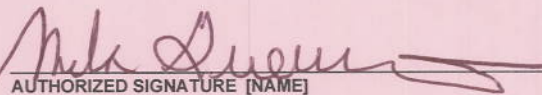
SOURCES TOTAL: \$ 11,696,000

USES TOTAL: \$ 11,696,000


JUSTIFICATION

This budget adjustment is necessary to transfer \$5.8 million in unused funds resulting from the cancellation of prior year commitments from the LAC+USC Medical Center Replacement Accumulated Capital Outlay Fund to the Department of Health Services Designation in order to facilitate the close-out of this fund in Fiscal Year 2010-11.

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES


AUTHORIZED SIGNATURE [NAME]

17 MAR 29 2011
BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)


SACHI A. HAMAI
EXECUTIVE OFFICER

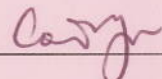
REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---

☐ ACTION

☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY



B.A. NO. 168

March 16 20 11

☒ APPROVED AS REQUESTED

☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY


March 16, 20 11